

Message Text

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ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 L-03 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03 CIEP-02

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R 061249Z DEC 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4549

INFO USDOC WASHDC

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PASS EXIMBANK

E.O. 11652: N/A

TAGS: ETRD, US, AR

SUBJECT: LATEST DEVELOPMENTS IN AGUA Y ENERGIA ELECTRICA CASE.

REF: STATE 230566

1. DURING RECENT INTERVIEWS WITH OFFICIALS AND NEW ADMIN-
ISTRATOR OF AGUA Y ENERGIA ELECTRICA, ING. JUAN PETRONI,
EMBOFFS NOTED SUBSTANTIAL CHANGE IN THEIR ATTITUDE TOWARD USE
OF EXIMBANK FINANCING. EMBOFFS HAVE BEEN TOLD THAT A Y EE
WILL ADJUST SPECS FOR NEXT MAJOR PROJECT (PRESUMABLY LUJAN
DE CUYO THERMAL ELECTRIC PROJECT) TO SPECIFICALLY PROVIDE
FOR "THIRD PARTY" FINANCING SUCH AS THAT PROVIDED BY EXIM.
EMBASSY IS STILL PRESSING TO HAVE A Y EE ACCEPT AS QUALIFIED,
BIDS ON RIO GRANDE PROJECT FOR WHICH ALLIS CHALMERS HAS PREPARED
OFFER. A Y EE FINANCIAL DIRECTOR WILL NOT COMMIT HIMSELF ON
THIS SCORE.

2. WE BELIEVE THAT EMBASSY AND U.S. SUPPLIER'S PRESSURES
DIRECTLY ON A Y EE AND INDIRECTLY THROUGH OTHER GOA AGENCIES
MAY HAVE CONTRIBUTED TO INCLINING PETRONI TO GREATER FLEXI-
BILITY IN HIS REQUIREMENTS FOR FINANCING. HOWEVER, WE BELIEVE
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THAT CONFIRMATION OF THE NEWS OF THE SETTLEMENT OF THE PETRO-

QUIMICA BAHIA BLANCA AND THE FABRICACIONES MILITARES CONTRACTS ON TERMS ACCEPTABLE TO THE GOA AND EXIMBANK, COMBINED WITH FLEXIBLE POSTURE TOWARD A Y EE BY EXIM OUTLINED IN PARAS 2 AND 4 OF REFTEL (WHICH EMBASSY COMMUNICATED TO A Y EE) WAS THE DECIDING FACTOR.

4. ON THE SUBJECT OF THE LEGAL JURISDICTION ISSUE, THE PERON ADMINISTRATION RECENTLY INTRODUCED, AS AN AMENDMENT TO BUDGET LEGISLATION SIGNED INTO LAW ON NOVEMBER 6, 1973, A PARAGRAPH AUTHORIZING GOA TO ACCEPT, WHEN ESSENTIAL, THE JURISDICTION OF FOREIGN COURTS IN DISPUTES INVOLVING CONTRACTUAL ARRANGEMENTS FOR FOREIGN FINANCING. FOREIGN INVESTMENT LAW WHICH HAS PASSED CONGRESS BUT NOT YET PROMULGATED, HOWEVER, CONTAINS PARAGRAPH EXPRESSLY FORBIDING ARGENTINE BORROWERS FROM AGREEING TO FOREIGN JURISDICTION. WHILE EMBASSY IS UNCERTAIN WHICH WILL PREVAIL AT THIS POINT, WE BELIEVE THAT THE FORMER MORE ACCURATELY REPRESENTS POLICY OF THE PERON GOVERNMENT. WILL ADVISE OF ANY FURTHER DEVELOPMENTS IN THIS REGARD. WE PRESUME FROM REFTEL THAT FM AND PBB ACCEPTED U.S. JURISDICTION IN THEIR RECENT CONTRACTS.

DECON: 12-5-74.

KREBS

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